



## Resources

### Senate Finance & Appropriations Committee Virginia General Assembly

February 10, 2021

## Resources

(Recommended Amendments to SB 1100, As Introduced)

(General Fund)

	SB 1100		
	FY 2020-21	FY 2021-22	Biennium
Unappropriated Balance, as Introduced	\$ 1,488,436,226	\$(1,437,294,123)	\$ 51,142,103
Changes to Resources	(46,800,000)	(150,160,000)	(196,960,000)
Net Spending	(255,409,344)	56,892,796	(198,516,548)
<b>Ending Balance/Unappropriated Balance</b>	<b>\$ 1,697,045,570</b>	<b>\$(1,644,346,919)</b>	<b>\$ 52,698,651</b>
<b>BALANCES/REVENUES/TRANSFERS</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>Biennium</b>
<b>Changes to Balances</b>			
None	\$ -	\$ -	\$ -
<b>Changes to Revenues</b>			
SB 1146: Conformity	\$ (9,000,000)	\$ (69,700,000)	\$ (78,700,000)
SB 1146: Deductibility of PPP Loans, Rebuild VA, up to \$100,000	(57,800,000)	(42,800,000)	(100,600,000)
SB 1403: PPE Sales and Use Tax Exemption	-	(10,000,000)	(10,000,000)
SB 1197: Housing Tax Credit	-	(29,500,000)	(29,500,000)
SB 1163: Enhanced Agriculture Equipment Credit	-	(2,000,000)	(2,000,000)
SB 1398: Sales Tax on Accommodation Fees	-	2,140,000	2,140,000
<b>Changes to Transfers</b>			
ABC Net Profits	\$ 20,000,000	\$ 1,700,000	\$ 21,700,000
<b>Total, Revenues/Resources</b>	<b>\$ (46,800,000)</b>	<b>\$ (150,160,000)</b>	<b>\$ (196,960,000)</b>

**Joint Subcommittee on Tax Policy**

**Legislative Department**

General Assembly of Virginia

Language

**Language:**

Page 14, after line 14, insert:

"Z.1. The Chair of the Senate Finance and Appropriations Committee shall appoint six members from the Senate Committee on Finance and Appropriations and the Chairman of the House Appropriations Committee shall appoint three members from the House Committee on Appropriations and three members of the House Committee on Finance to a Joint Subcommittee on Tax Policy. The Joint Subcommittee shall elect a chairman and vice-chairman from among its membership.

2. The goals and objectives of the Joint Subcommittee shall include (i) evaluating the fiscal impact of amendments to tax brackets, tax rates, credits, deductions, and exemptions, as well as any other factors it deems relevant to making Virginia's individual income tax system more fair and equitable; (ii) giving consideration to the fairness, certainty, convenience of payment, economy in collection, simplicity, neutrality, and economic efficiency of the Commonwealth's tax policies and any changes thereto; and (iii) recommending whether the General Assembly should amend the Code of Virginia.

3. To assist the Joint Subcommittee, the Chair of the Joint Subcommittee may appoint a workgroup which includes the staff of the House Committee on Finance, the House Committee on Appropriations, the Senate Committee on Finance and Appropriations, and any other stakeholders deemed appropriate. All agencies of the Commonwealth shall provide technical assistance to the Joint Subcommittee, upon request."

**Explanation:**

(This amendment establishes a Joint Subcommittee on Tax Policy to evaluate and make recommendations on potential changes to Virginia's tax policies, including changes to tax brackets, tax rates, credits, deductions, and exemptions, and any other changes it deems necessary. The Joint Subcommittee will consider factors such as equity, certainty, convenience of payment, economy in collection, simplicity, neutrality, economic efficiency and any other factors it deems relevant to the Commonwealth's tax policies.)

## **Corporate Income Tax Informational Reporting**

### **Finance**

Language

#### **Language:**

Page 664, after line 37, insert:

"§ 3-5.23 CORPORATE INCOME TAX INFORMATIONAL REPORTING

A.1. Corporations that are members of a unitary business must file a report, in a manner prescribed by the Tax Commissioner, for the unitary combined group containing the unitary combined net income of such group. The report shall be based on taxable year 2019 computations and include, at a minimum the difference in tax owed as a result of filing a unitary combined report, computed according to the method or methods specified by the Tax Commissioner, compared to the tax owed under the current filing requirements.

2. "Unitary business" means a single economic enterprise made up either of separate parts of a single business entity or of a commonly controlled group of business entities that are sufficiently interdependent, integrated, and interrelated through their activities so as to provide a synergy and mutual benefit that produces a sharing or exchange of value among them and a significant flow of value to the separate parts. A "unitary business" includes that part of the business that meets the definition in this section and is conducted by a taxpayer through the taxpayer's interest in a partnership, whether the interest in that partnership is held directly or indirectly through a series of partnerships or other pass-through entities. A "unitary business" shall not include persons subject to, or that would be subject to if doing business in the Commonwealth, the insurance premiums license tax under Chapter 25 (§ 58.1-2500 et seq.), Code of Virginia, or the bank franchise tax under Chapter 12 (§ 58.1-1200 et seq.).

3. The report must be submitted to the Department of Taxation on or before June 1, 2021, which date shall not be extended.

4. Members of a unitary combined group shall exclude as a member and disregard the income and apportionment factors of any corporation incorporated in a foreign jurisdiction (a "foreign corporation") if the average of its property, payroll and sales factors outside the United States is eighty percent (80%) or more. If a foreign corporation is includible as a member in the unitary combined group, to the extent that such foreign corporation's income is subject to the provisions of a federal income tax treaty, such income is not includible in the unitary combined group net income. Such member shall also not include in the unitary combined report any expenses or

apportionment factors attributable to income that is subject to the provisions of a federal income tax treaty. For purposes of this paragraph, "federal income tax treaty" means a comprehensive income tax treaty between the United States and a foreign jurisdiction, other than a foreign jurisdiction which the organization for economic co-operation and development has determined has not committed to the internationally agreed tax standard, or has committed to the international agreed tax standard but has not yet substantially implemented that standard, as identified in the then-current organization for economic co-operation and development progress report.

B. Any corporation required to submit such report to the Department of Taxation that fails to do so on or before June 1, 2021, or that makes a material omission or misstatement in connection with such report shall be subject to a penalty of \$10,000. The Tax Commissioner shall have the authority to waive such penalty upon a determination that the requirement would cause an undue hardship. All requests for waiver shall be transmitted to the Tax Commissioner in writing.

C. The Tax Commissioner shall on or before December 1, 2021, based on the information provided in income tax returns and the data submitted under this section, submit a report to the Chair of the Senate Finance and Appropriations Committee, the Chair of the House Appropriations Committee, and the Chair of the House Finance Committee."

**Explanation:**

(This amendment requires corporations that are members of a unitary business to file an informational report with the Department of Taxation for the unitary combined group containing the unitary combined net income of the group. The report must be based on taxable year 2019 computations and include, at a minimum the difference in tax owed as a result of filing a unitary combined report compared to the tax owed under the current filing requirements. Any corporation required to submit such report that fails to do so on or before June 1, 2021, or that makes a material omission or misstatement in connection with such report is subject to a penalty of \$10,000, unless waived by the Tax Commissioner upon a determination that the requirement would cause an undue hardship.)

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